



Declining Female Labour Force Participation in India: Concerns, Causes and Policy Options

CII Discussion Paper



Confederation of Indian Industry

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Executive Summary

Women's labour is a rich and valuable resource for a country as it can significantly boost growth prospects and improve socio-economic conditions as also ensure better outcomes for the next generation. Therefore, enhancing women participation in the labour force is a critical endeavour for driving overall social and sustainable development.

Despite positive growth and development parameters in the last 20-25 years, India has experienced a continuous decline in its female labour force participation rate (FLFPR). The total FLFPR declined sharply from 42.7% in 2004-05 to 31.2% in 2011-12 which further declined to 27.4% in 2015-2016. In 2013, International Labour Organization (ILO) ranked India's FLFPR at 121 out of 130 countries, one of the lowest in the world. India also secured a poor rank in the Global Gender Gap Report 2017 by World Economic Forum, where it was ranked 108 out of 144 economies.

The largest drop in FLFPR took place in rural areas and was specifically prominent in the working age group of 20-44 years. This is a major factor that is responsible for pulling down the overall FLFPR. On the other hand, the urban FLFPR which has been historically lower than the rural FLFPR, has fluctuated.

In terms of age specific LFPR, male LFPR is significantly higher than females across

all age groups and across rural and urban areas. While 96% of Indian males are in the labour force during the peak working age of 25 to 60 years, the number is only around 37-48% for rural females and even lower at around 25-28% for urban females for different age-groups.

A highlight of the paper is exploration of trends in employment across sectors. The overall sectoral analysis reveals that the sectors with the highest participation of women are manufacturing, certain services and the sector of transport, storage and communications.

Not surprisingly, a majority of the rural workforce is employed in agriculture and allied activities, with about 75% of rural women engaged in the sector. A higher percentage of rural women, around 9.8%, are engaged in manufacturing as compared to 8.1% of rural men. Other major sectors of employment for rural women include construction and services.

For urban women, major sectors of employment include services, manufacturing and trade, hotel and restaurant. The proportions of urban women engaged in services and manufacturing sectors were higher than that of urban men. Specifically, around 40% of total urban women are engaged in services as compared to 21% of urban men, and 29% of urban women are engaged in manufacturing as compared to 22% of urban men.

The principal cause for the declining FLFPR relates to stage of development, which suggests a U-shaped relationship between economic development and FLFPR where FLFPR first declines and then rises. Rising household incomes and increased participation in education also cause women to drop out from labour force. The education-FLFPR link, however, appears to be somewhat tenuous as better literacy has not led to higher labour force participation.

Additionally, other factors such as increased mechanization of agriculture, lack of quality jobs, and unfavourable working conditions as well as social factors, such as stigma related to women working far away from home and perceptions of women as primary caregivers in the family, are also leading causes of the declining FLFPR.

RECOMMENDATIONS

Recommendations are divided into two parts, pertaining to sectoral issues as well as key enablers.

Sectors:

Based on sectoral analysis, the sectors with the best employment opportunities for women are identified as manufacturing and certain services.

Manufacturing: Women's participation in the manufacturing sectors has increased substantially over the years and efforts must be directed to ensure that this trend continues. Employment intensive sub-sectors such as textiles, apparel, food & beverage, furniture, pharmaceuticals and computer and electronic products, are characterized by high employment elasticity and have

exhibited high growth rates in the past few years. These offer good avenues for women, provided that measures are taken for their participation. According to a CII analysis, the top manufacturing sectors could create more than 21 million jobs by 2025 with the right promotional policies.

Services: In the services sector, sub-sectors such as beauty and wellness, healthcare, and tourism are projected to add more than 26 million workers by 2025 and are of high interest for women. More than 40% of urban women are employed in various services. Similarly, rural females need to diversify out of agriculture into services.

Other sectors: Increasing numbers of women are also joining sectors such as construction and communications, and financial services and greater job opportunities should be created in these sectors. More women need to be encouraged to join professional, scientific and technical activities. The bias against women in these sectors needs to be eliminated as these fields have a lot to gain from greater participation of women.

Enablers:

The paper also makes policy recommendations with respect to the various employment enablers that would equip women with the necessary capacity required to work in these sectors.

Skill development: Skill training is of paramount importance, especially in rural areas, and close to the place of residence of women. Courses offered should be interesting, relevant and mapped to local area requirements.

Supportive interventions: Access to skills needs to be followed up with assistance for accessing finance, marketing, etc. Equally

important are the roles of digital and financial literacy which would encourage women to take up more technology-driven work in all sectors including electronics and IT and financial services.

Entrepreneurship development: Only 13.75% of total entrepreneurs in the country are women. Promoting greater women entrepreneurship by undertaking necessary training activities and creating financial channels is essential.

Workplace conditions: Providing quality jobs and improving workplace conditions through various incentives such as safe and inexpensive transport, clean washrooms, appropriate leave policies, affordable child care policies, flexible working hours and equal pay could go a long way in encouraging greater number of women joining the labour force.

Financial access: Providing loans and microfinance to women that cater to their diverse needs, with income generating focus can add more women to the workforce. Schemes such as Standup India are in the right direction.

Healthcare: With anaemia and other illnesses impacting women's energy, better health policies targeted towards improving women's nutrition and health and strong awareness dissemination programmes on economic empowerment of women are also important enablers.

Better data: Finally, in the present situation, a multiplicity of labour surveys and lack of recent data are major impediments in carrying out fruitful policy analysis. Generation of latest and reliable data must be given a priority for undertaking effective policy driven research.

Introduction

Women's participation in the labour force is an important driver of both economic growth and social development of a nation. Over the past two decades, India has enjoyed high economic growth and a rich demographic dividend. During this period, India also experienced a sizeable decline in fertility rates accompanied by a rapid expansion of education, a sharp decline in the education gap and increased labour market returns to education (Stephan & Pieters, 2015). However, amidst such positive growth parameters, India's rising per capita income over the last fifteen-twenty years has been accompanied by a curious case of women opting not to work.

India has experienced a continuous decline in its Female Labour Force Participation Rate¹(FLFPR). For more than two decades now, India's FLFPR has stayed below 35%, which is well below the developing country average of 50% (Das & Zumbyte, 2017).

In 2013, the International Labour Organization (ILO) ranked India's FLFPR at 121 out of 130 countries, one of the lowest in the world (Andres et al. 2017). A low FLFPR is an obstacle for achieving a higher growth path as it imposes constraints on women's empowerment as well as on outcomes for its children (World Bank, 2017). A reversal of this trend could significantly boost India's

GDP growth and help achieve inclusive and sustainable development.

India registered a significant decline in the recent Global Gender Gap Report (2017) rankings published by the World Economic Forum, where it fell 21 places to 108 from 87 out of 144 economies the previous year. The fall in the rank is largely attributable to a large drop in women's participation in the labour force, falling life expectancy and low level of basic literacy. India ranks poorly among BRICS² as well as its neighbouring nations, with countries like Bangladesh, Indonesia and Brazil faring much better (Figure 1).

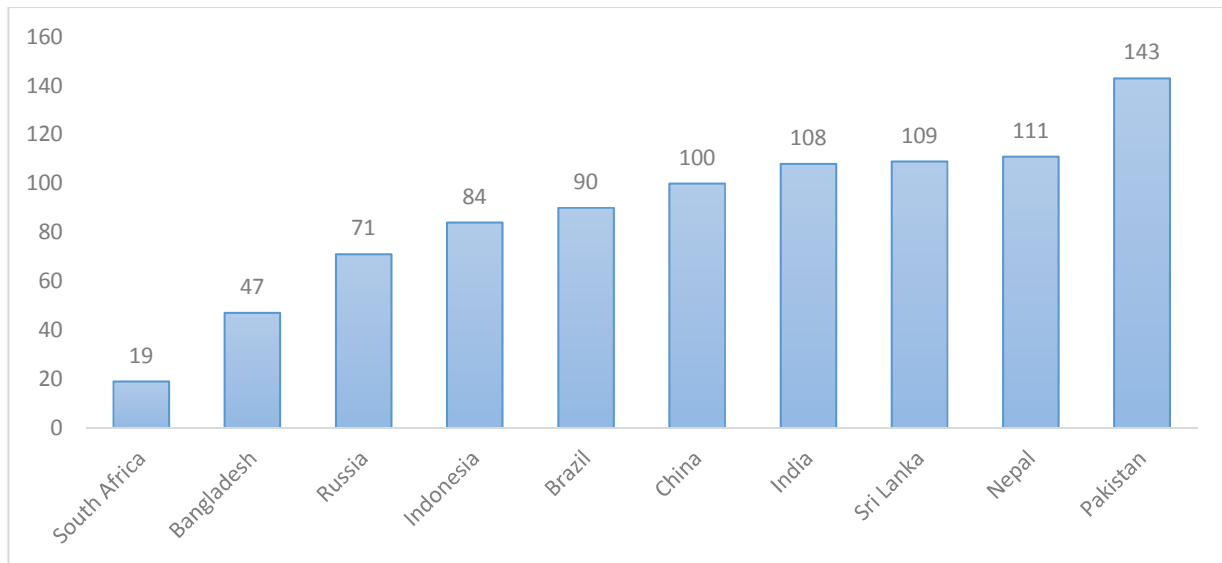
The Global Gender Gap Index examines the gap between men and women in four fundamental categories or sub-indexes i.e. economic participation and opportunity, educational attainment, health and survival and political empowerment. Of these, India performs poorly in the categories of economic participation and opportunity and health and survival, where it has been ranked 139 and 141 respectively. India remains at the fourth lowest spot in the world in terms of health and survival for women.

These figures are worrisome, considering that women labour is a rich and valuable resource for a country to boost growth opportunities. Closing the gender gap by bringing more and more women in the labour force and

1 Female Labour Force Participation Rate is defined as the percentage of female population above 15 years in the labour force, World Bank

2 Five major emerging national economies – Brazil, Russia, India, China and South Africa

Figure 1: Global Gender Gap Rankings 2017: Select Countries



Note: A lower rank indicates better performance and a lower gender gap

Source: The Global Gender Gap Report 2017, World Economic Forum

promoting gender diversity at workplaces are critical and studies show that a gender balanced workforce can produce economic benefits that are more sustainable in the long term³.

A number of studies have estimated the positive impact of higher female labour force participation (FLFP) on the Indian economy. According to a McKinsey Report (2015)⁴, India could increase its Gross Domestic Product (GDP) by \$0.7 trillion by 2025 and about 70% of this increase would emanate from raising India's FLFPR from the current 31% to 41%. Another McKinsey study (2015)⁵ estimates that India could increase GDP by up to 60% or US\$2.9 trillion by 2025 if women participated in the economy on par with men.

Increased participation of women in the labour

force is not only important to achieve higher economic growth and efficiency but is essential for improved socio-economic conditions. A higher FLFPR would economically empower women by strengthening their decision-making power in the household, would help bring down poverty and would lead to improved living conditions for both women and children. Ensuring this outcome would require an analysis of which sectors can best employ women and evolving the right policy framework for these sectors to encourage greater female participation.

While the overall decline in FLFPR has been sufficiently analysed (World Bank, McKinsey and others), in this paper, we delve deeper into the sectoral trends in order to identify the sectors which deserve special policy attention for engaging more women in the workforce. The data is derived from the National Sample Survey (NSS) Reports on employment and unemployment surveys. Data on FLFPR, employment by gender across sectors, and other statistics are obtained from the different quinquennial rounds of NSSO, starting from the NSS 32nd round (1977-78) till the most

³ Gender balance and the link to performance, McKinsey Quarterly, 2015

⁴ The Power of Parity: Advancing Women's Equality in India, McKinsey Global Institute, 2015

⁵ The Power of Parity: How Advancing Women's Equality can add \$12 trillion to Global Growth, McKinsey Global Institute, 2015

recent round i.e. the NSS 68th round (2011-12). Based on these findings, this paper attempts to provide possible policy options, including at the sectoral level that can help raise the FLFPR in India.

This paper is divided into the following sections. Section 1 examines the trends in Indian FLFPR over the last two decades, India's position compared to other emerging countries and neighbouring nations, and the trends in FLFPR across rural and urban areas.

Section 2 examines the trends in India's age-specific labour force participation rates by gender across rural and urban areas. The link between education and FLFPR is also discussed. Section 3 analyses the trends in employment across broad industry divisions, highlighting the ones with greater potential for women participation. Section 4 examines the possible causes of declining women labour force participation in India and section 5 provides policy recommendations to boost women participation in the labour force.

SECTION 1: TRENDS IN FLFPR

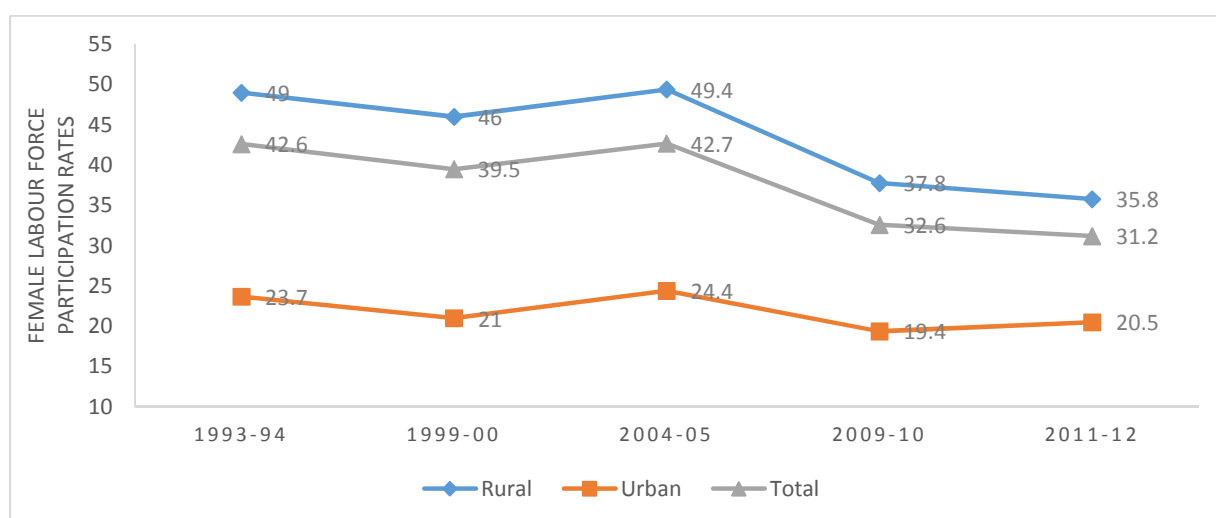
A worrying phenomenon in the last two decades has been India's falling FLFPR. Figure 2 presents total FLFPR over the years, along with those for rural and urban labour force, as per the Usual Principal and Subsidiary Status (UPSS) approach.

The total FLFPR dropped sharply from 42.7% in 2004-05 to 32.6% in 2009-10 to 31.2% during 2011-12. This figure, has further declined to 27.4% in 2015-16 as per the Labour Bureau's Fifth Employment

Unemployment Report⁶. This is largely driven by a steep decline in the rural areas, where the proportion of working women fell from about half of the total workforce to just 36% over these three survey periods. In urban India, while the FLFPR declined

6 The Employment-Unemployment Survey of the Labour Bureau, Ministry of Labour and Employment, is an annual survey with the first taking place in 2010 for 300 districts and extended to all districts from 2nd survey. This paper uses NSSO data as it provides a trendline over time. Moreover, the two surveys may not be strictly comparable.

Figure 2: FLFPR in India as per UPSS for Ages 15 and above (%)



Source: *Precarious Drop: Reassessing Patterns of Female Labour Force Participation in India*, World Bank Policy Research Working Paper

India's FLFPR dropped sharply from 42.7% in 2004-05 to 27.4% in 2015-16

by 5 percentage points between 2004-05 and 2009-10, it seems to have picked up by 2011-12. However, this is still below the rate seen in the 1999-2000 survey. Andres et al. (2017) while investigating the reasons for these trends estimate that as many as 21.7 million women workers dropped out of the workforce and chose to remain home between 2004-05 and 2009-10, with most of them in rural areas.

India has one of the lowest FLFPR in the world and also among countries with similar

income levels. As of 2016, the FLFPR⁷ in India comes in below other BRICS nations. It records one of the poorest FLFPR among its neighbouring nations, well below the rates in Bangladesh, Sri Lanka and Nepal and faring only better than Pakistan (Figure 3).

Also, while for most of these other countries, the FLFPR has stayed more or less constant over the last 10 years, India experienced the sharpest decline, from 33.34% in 2007 to around 27% in 2016 (Table 1). The country's performance as an outlier in this respect throws into jeopardy its future development prospects.

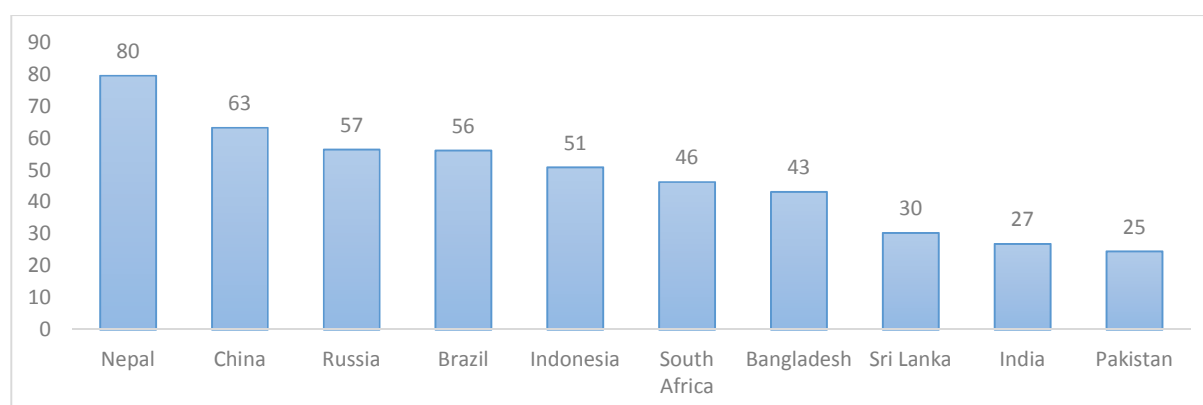
⁷ FLFPR for the countries based on World Bank Data are derived from modelled ILO estimates and thus the percentages vary slightly from results based on NSSO data

Table 1: FLFPR in last 10 years: Select Countries

Country	2007	2010	2014	2015	2016
Brazil	58.54	57.58	56.45	56.31	56.18
Russia	57.11	56.49	56.65	56.64	56.51
India	33.34	28.58	26.69	26.80	26.91
China	65.51	63.72	63.73	63.58	63.35
South Africa	46.69	43.78	46.06	46.22	46.31
Nepal	79.96	79.80	79.66	79.66	79.69
Bangladesh	45.62	42.00	43.05	43.13	43.19
Sri Lanka	35.07	34.58	30.14	30.23	30.31
Pakistan	21.10	23.85	24.06	24.31	24.57
Indonesia	50.72	51.93	50.83	50.88	50.93

Source: World Development Indicators, World Bank Data

Figure 3: FLFPR in 2016: Select Countries



Source: World Development Indicators, World Bank Data

Trends in FLFPR across Rural and Urban Areas

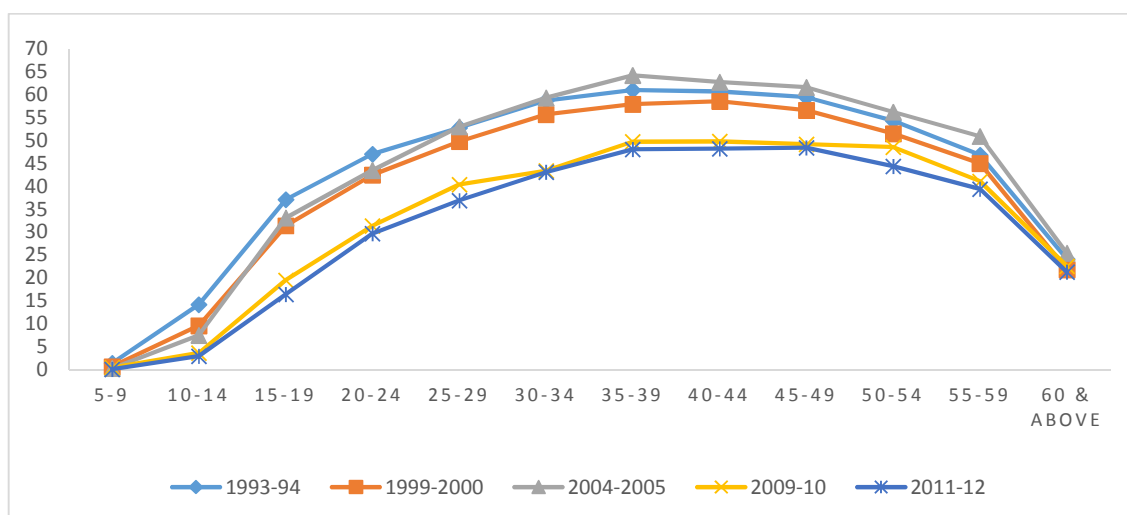
Comparing the NSS results in rural and urban areas in terms of age levels of women over time (Figures 4 & 5), the largest drop in the FLFPR can be seen in the rural areas, with the decline specifically prominent in the working age group of 20 to 44 years. The age trend line for 2011-12 is consistently below the lines for the previous surveys, indicating that women of all age groups in

The largest drop in FLFPR is in rural areas, especially in the working age group of 20-44 years

the rural areas fell out of the workforce.

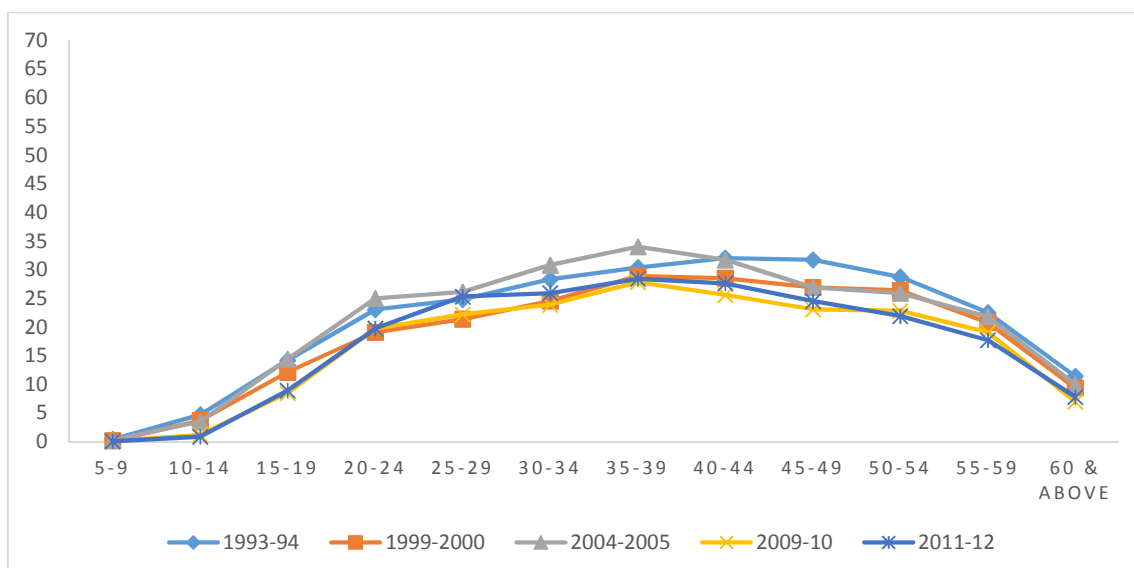
Historically, the urban FLFPR has been low as compared to rural areas (probably owing to higher household incomes) and the drop

Figure 4: Rural FLFPR Trend as per Age-group



Source: Employment and Unemployment Situation in India, NSS Report No. 554

Figure 5: Urban FLFPR Trend as per Age-group



Source: Employment and Unemployment Situation in India, NSS Report No. 554

is not as pronounced as in the rural areas. The recovery in the urban FLFPR is reflected across all age groups, with the trend line for 2011-12 showing muted increase over the 2009-10 line, especially in the 25-29 year age-group. This is heartening as it reflects that younger women are entering

the workforce at an elevated level, after completion of education.

As per the data in the 5th EUS of the Labour Bureau, the participation of urban females as of 2015-16 shows a further drop to 16.6%, which is at odds with the NSSO trend.

SECTION 2: GENDER TRENDS IN EMPLOYMENT

Male – Female Labour Force Participation across Age Groups

Results from the 68th round of the NSSO survey reveal a notable gap between male and female LFPR across both rural and urban areas (Figure 6). The male LFPR is significantly higher than the female counterpart across all age groups.

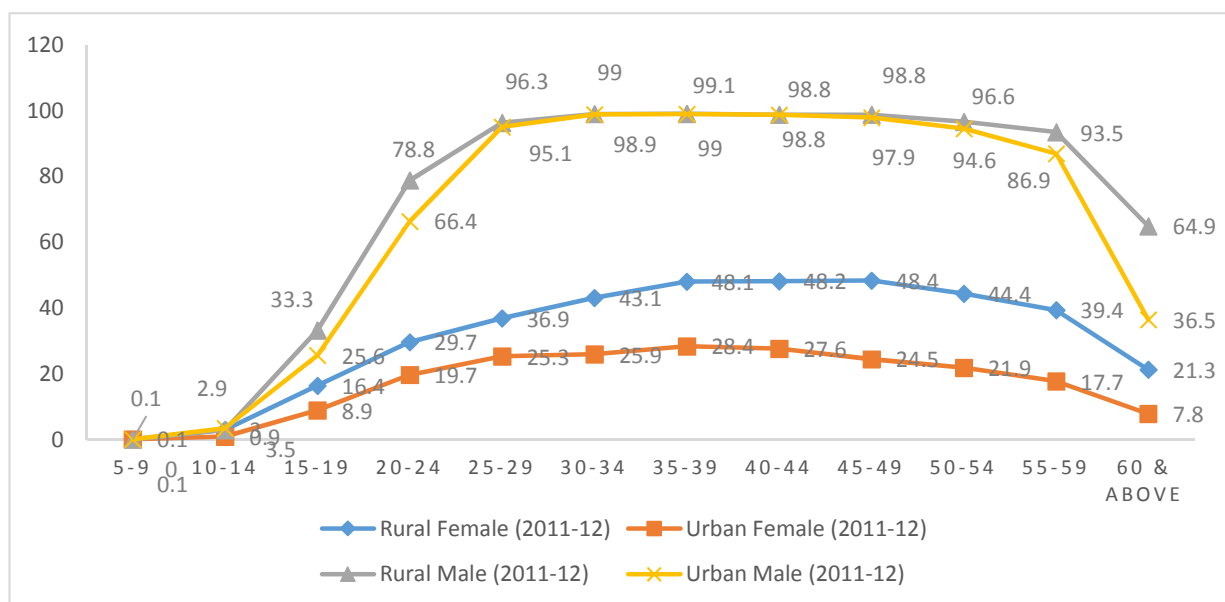
During the peak working age, which is between 25 to 60 years, more than 96% of males, on an average, are in the labour force across rural and urban areas. This number

96% of Indian males are in the labour force at 25-60 years but only 37-48% of rural females and 25-28% of urban females

is only around 37-48% for rural females and even lower, at 25-28%, for urban females.

A substantial rural-urban divide is noticeable in terms of FLFPR across different age

Figure 6: Age-specific LFPR according to Usual Principal Status (PS) in NSS 68th Round (2011-12)



Source: Employment and Unemployment Situation in India, NSS 68th Round (July 2011-2012), NSS Report No. 554

groups. The rural FLFPR is significantly higher than urban FLFPR. A potential reason could be the greater participation of rural women in agricultural activities. In contrast, male LFPR exhibit similar patterns across rural and urban areas.

The Link between Education and FLFPR

It would be expected that as women build up their capacity to work through better education, job opportunities for them would expand and their engagement in remunerative activities would go up. However, in contrast, a puzzling aspect of India's declining FLFPR is that this took place simultaneously with an increase in female literacy rates.

Literacy⁸, along with educational attainment, is an important indicator in the dynamics of employment and unemployment. However, female education and female participation in the labour force is a complex relationship, which is determined by not one, but by many different factors. To understand the link between the two, we look at the literacy

8 A person who could read and write a simple message in any language with understanding

FLFPR decline took place simultaneously with an increase in female literacy rates

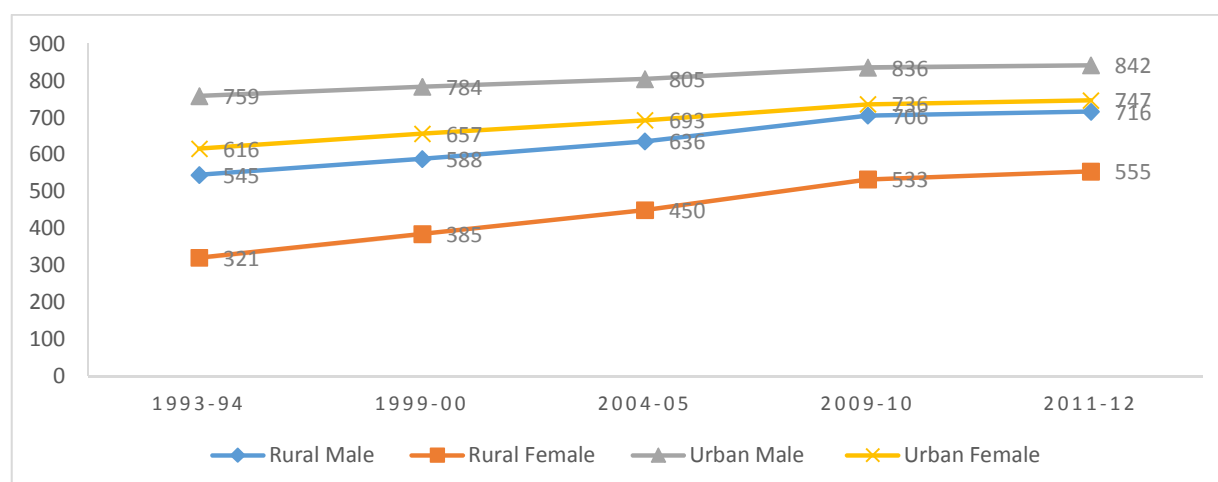
rates over the years by gender across rural and urban areas.

As can be seen from Figure 7, literacy rates have gone up significantly for both males and females across rural and urban areas over the last two decades. The performance of women outpaces that of men, going up for urban females by more than 13 percentage points between 1993-94 to 2011-12. For rural females, literacy increased by more than 23 percentage points in this period.

However, a commensurate increase in FLFPR was not observed either in rural areas or in urban areas.

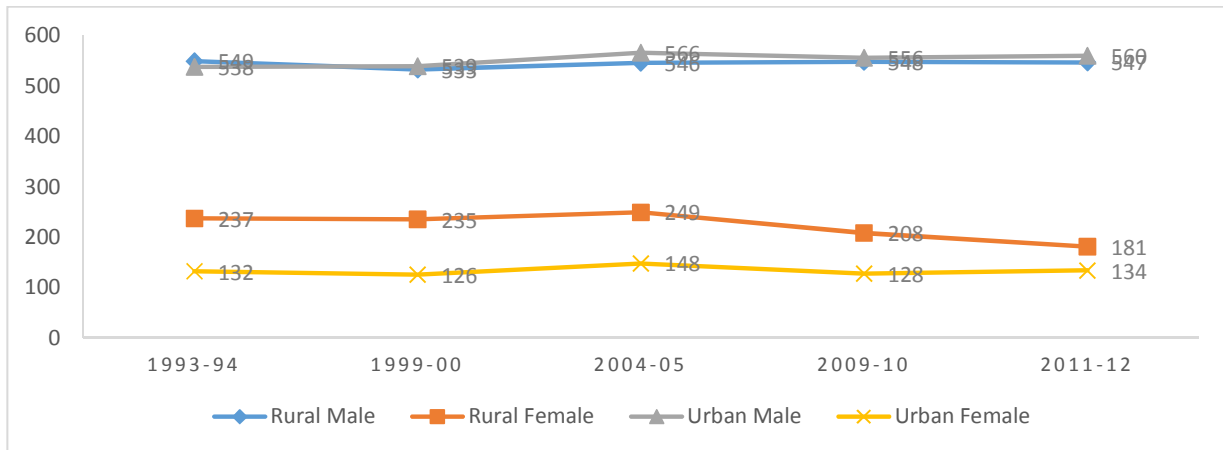
The LFPR for rural females declined by 5.6 percentage points from 1993-94 to 2011-12 while for urban females, the LFPR increased by a meagre 0.2 percentage points during the

Figure 7: Literacy Rates (per 1000 persons) for Different Categories: 1993-94 to 2011-12



Source: Employment and Unemployment Situation in India, NSS 68th Round (July 2011-2012), NSS Report No. 554

Figure 8: LFPR by Gender according to Usual (PS) Approach



Source: *Employment and Unemployment Situation in India, NSS 68th Round (July 2011-2012), NSS Report No. 554*

same period. On the other hand, male LFPR have more or less stayed constant over the years for both rural and urban areas (similar results for UPSS approach as well).

Therefore, the increase in literacy rates for women has not translated to higher female labour force participation rates.

SECTION 3: SECTORAL TRENDS IN EMPLOYMENT BY GENDER

For a finer analysis and better understanding of the gender gap, we further examine the trends in employment by gender across broad industry divisions and across rural and urban areas in this section.

The Labour Bureau Report on “Fifth Annual Employment- Unemployment Survey” (Volume 1) has data on per 1000 distribution of workers aged 15 years and above as of 2015-16 according to the Usual Principal Status + Usual Subsidiary Status (ps+ss) approach by industry section as per NIC 2008. The report includes the following sectors – agriculture; mining and quarrying; manufacturing⁹; construction; trade, hotel & restaurant;

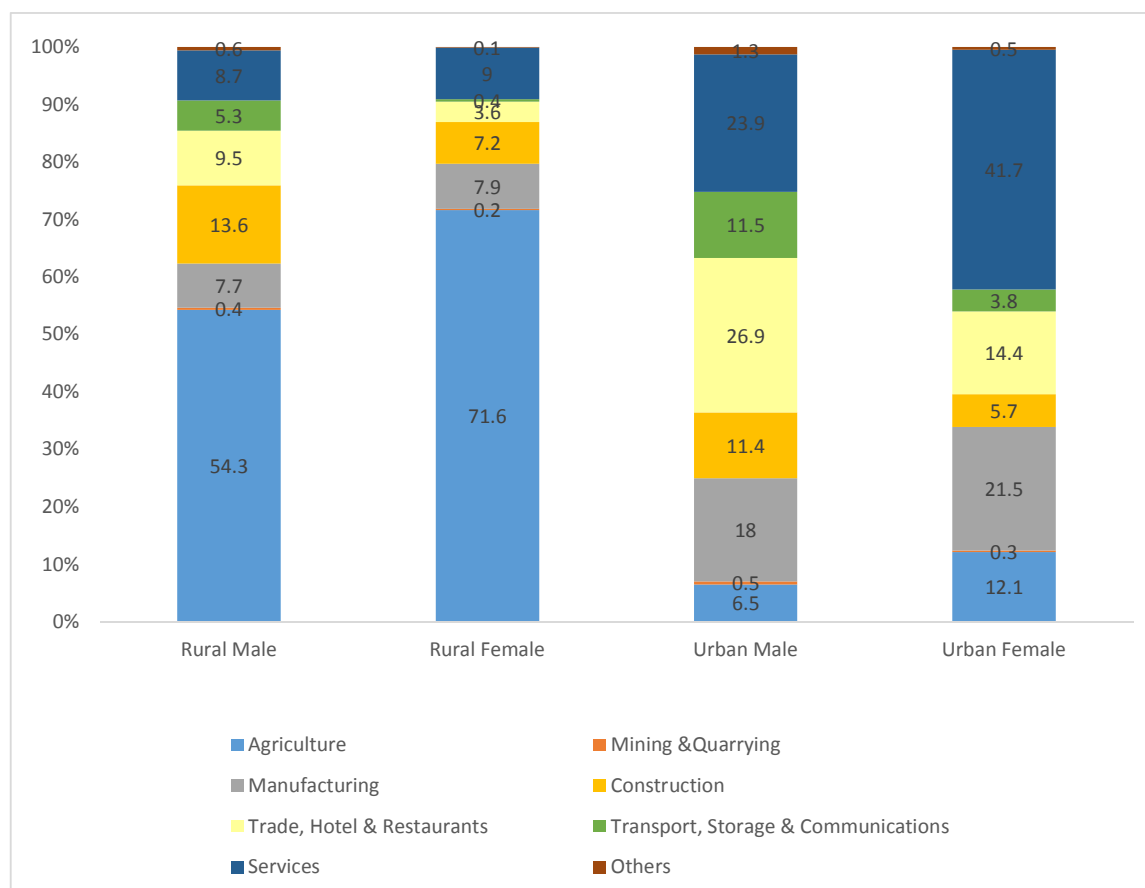
⁹ The manufacturing sector includes activities under National Industrial Classification (NIC 2008) such as manufacture of food & beverages, textiles & apparel, pharmaceutical products, furniture, computer and electronic products, etc.

transport, storage & communications; services¹⁰ and other sectors.

We use the Labour Bureau report to understand the latest position in the distribution of male-female employment across sectors. Figure 9 presents the percentage distribution of male and female workers across sectors.

Not surprisingly, occupational structure for men and women is different in rural and urban areas. The major sector of employment for the rural workforce is agriculture and allied activities. As many as 72% of women in rural India are engaged in such activities, while rural men have diversified into other occupations.

¹⁰ The services sector excludes the services of construction, trade, hotel and restaurant, and transport, storage and communications which are separately mentioned. It includes services such as personal, financial, public, education and health.

Figure 9: Percentage Distribution of Workforce across Sectors

Note: The report presents per 1000 distribution of workers aged 15 years and above by Industry Section based on NIC 2008 according to (ps+ss) approach. These have been converted to percentages.

Source: Report on Fifth Annual Employment-Unemployment Survey (2015-16) Volume 1, Labour Bureau

Other major sectors of employment for rural females are manufacturing, construction and services. The preferred sectors of employment for rural men are construction and transport, storage and communications. While the manufacturing sector covers various activities, it is likely that the women are engaged in low-productivity household manufacturing activity (as per 6th Economic Census data).

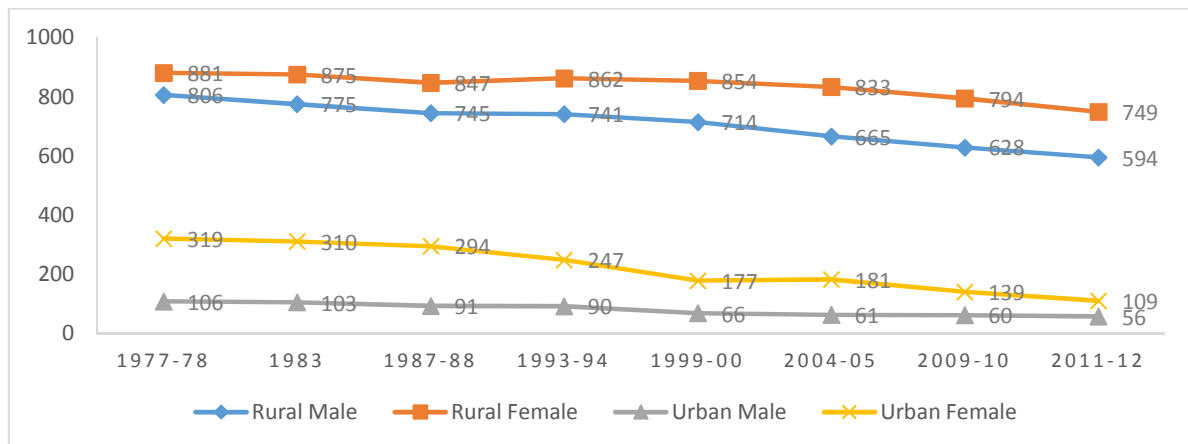
For urban women, the major sectors for employment are services, manufacturing and trade, hotel and restaurants. Almost 42% of all working women in cities are engaged in services as compared to 24% of urban males, while around 21% of women are working in the manufacturing sector as compared to

72% rural women are in agriculture, followed by manufacturing, construction and services

18% of urban men. A significant number of women are also employed in the trade, hotel and restaurant sectors (around 14%).

For a deeper sectoral study, we report the findings for different sectors across time. For this purpose, we use the NSS Report "Employment Unemployment Situation of India" which also has data on per 1000

Figure 10: Per 1000 Distribution of Usually Employed Persons: Agriculture



Source: Employment Unemployment Situation of India, NSSO Report No. 554

42% urban women are in services, manufacturing and trade, hotel and restaurants and 21% are in manufacturing as compared to 18% of urban men.

distribution of workers as per the ps+ss approach by broad industry division as per NIC 2008. We use this report as the NSS survey has data over a longer period of time (from 1999-2000 to 2011-12) which allows us to study how the sectoral trends have evolved over time. The findings of the Labour Bureau Report (2015-16) corroborates the NSS Survey findings over the years, with respect to movement of labour across sectors.

Agriculture

The proportion of working females employed in agricultural activities is higher than the number of males in this occupation across both rural and urban areas (Figure 10). Women are a crucial resource in Indian agriculture, and a number of studies report greater participation and contribution of

women in farm activities as compared to men. (Singh, 2003; Team & Doss, 2011).

However, it is evident that agriculture, livestock and other allied activities are increasingly less preferred by women, aligning with the drop in males engaged in the sector. Between 1977-78 and 2011-12, the drop has been noticeable from over 88% to 75% for rural women, while urban women employed in the sector declined by almost two-thirds from 32% to 11%.

For both genders, however, the occupation of the major proportion of rural workers in farming activities remains a matter of concern, indicating that diversification of livelihood sources has been slow to take off. Given that productivity is higher in off-farm activities, it is important to enable workers to leave farming by offering options in other sectors in both rural and urban areas.

Manufacturing

The manufacturing sector has a strong participation of women. In rural areas, there is a slightly higher proportion of women in the sector as compared to men, while in urban areas, women dominate (Figure 11). In fact, there is a shallow U-trend in the participation

of urban women in manufacturing. After declining up to 1993-94, about 29% of women workers were in manufacturing occupations in 2011-12; however, this is still below the FLFPR of 1977-78.

Importantly, for urban male workers, the manufacturing sector has not reverted to the higher rates of the 1970s, which indicates the subdued performance of this sector in the overall Indian economy.

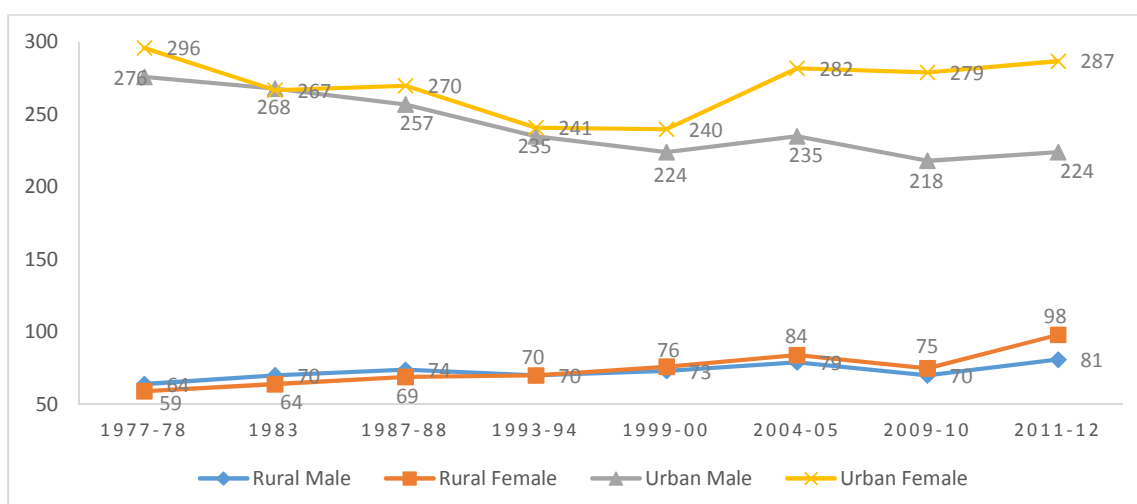
In case of rural areas, male and female employment in the manufacturing sector

exhibit similar patterns. There is a huge gap between urban and rural employment in the manufacturing sector and initiatives need to be taken for boosting job opportunities in rural areas in the manufacturing sector, which would encourage greater participation of both men and women manufacturing.

Construction

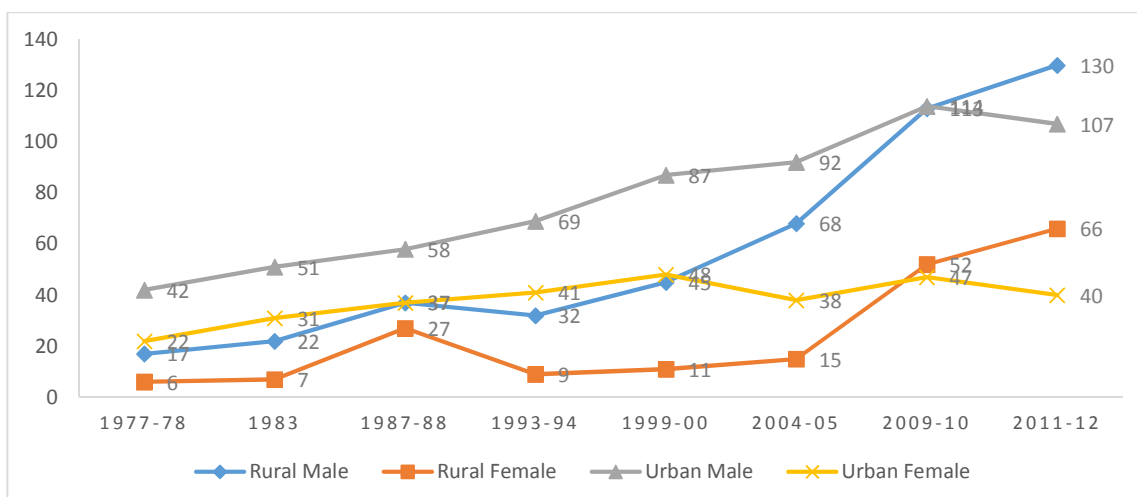
The construction sector has emerged as a significant source of employment for the Indian workforce as a whole, particularly for

Figure 11: Per 1000 Distribution of Usually Employed Persons: Manufacturing



Source: Employment Unemployment Situation of India, NSSO Report No. 554

Figure 12: Per 1000 Distribution of Usually Employed Persons: Construction



Source: Employment Unemployment Situation of India, NSSO Report No. 554

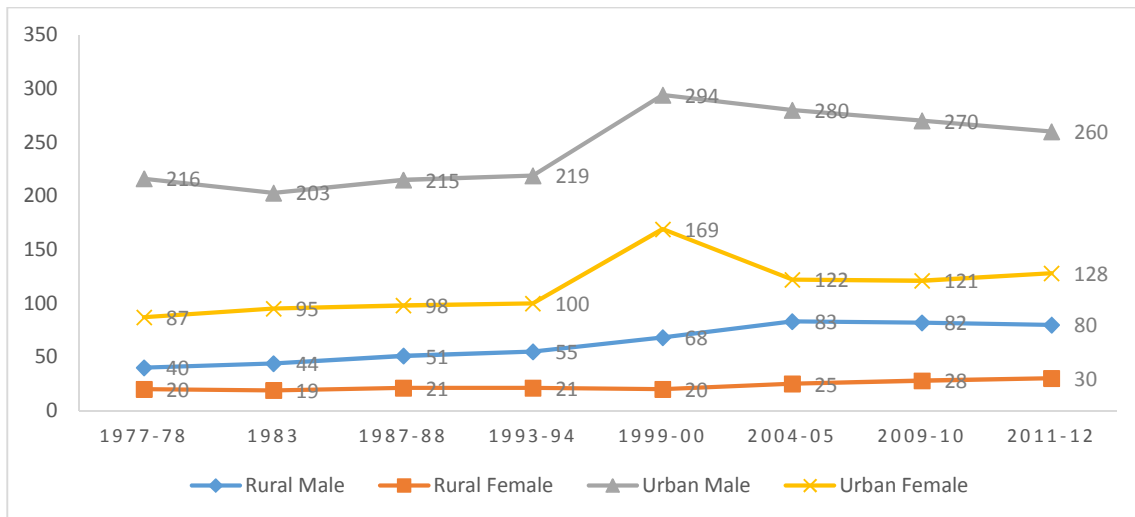
workers in rural areas. However, there is a wide gap in terms of male-female employment in the sector (Figure 12) as may be expected due to high level of physical labour involved. The proportion of rural women employed in construction has multiplied by six times between 1999-00 and 2011-12, showing the increased infrastructure and housing activity taking place in villages. For men in rural India, jobs in the sector have not expanded as rapidly, although the level is much higher than that for women.

In urban areas, participation of women in construction has fluctuated and this does not appear to be a preferred source of livelihood.

Trade, Hotel & Restaurant and Transport, Storage and Communications

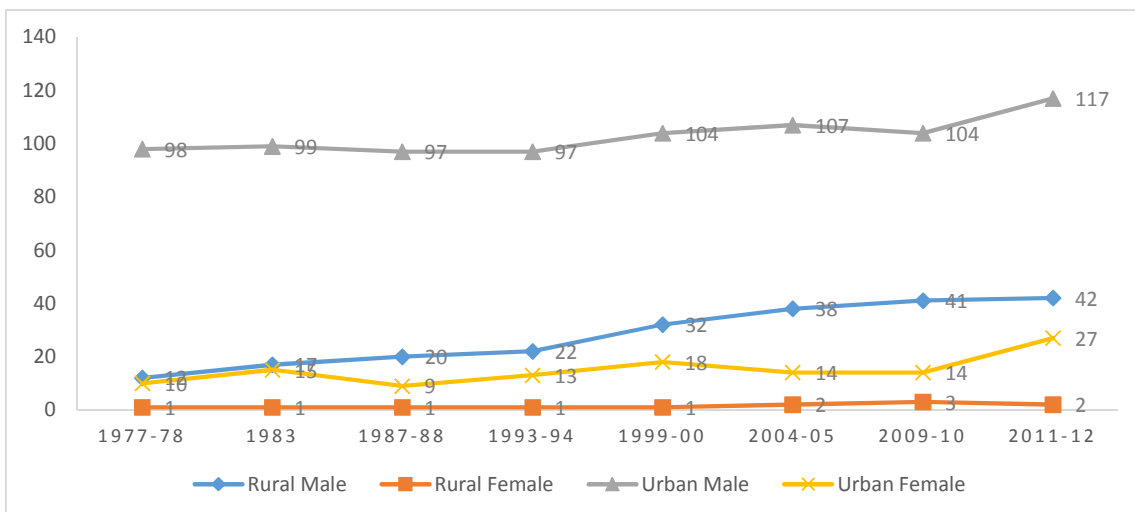
In the sectors of Trade, Hotel & Restaurant (Figure 13) and the Transport, Storage and Communication (Figure 14), the gap between male and female labour force participation

Figure 13: Per 1000 Distribution of Usually Employed Persons: Trade. Hotel & Restaurant



Source: Employment Unemployment Situation of India, NSSO Report No. 554

Figure 14: Per 1000 Distribution of Usually Employed Persons: Transport, Storage & Communications



Source: Employment Unemployment Situation of India, NSSO Report No. 554

rates is rather noticeable across rural and urban areas. This is expected to a certain extent as the work in some of these sectors demands physical labour. However, in certain areas such as communications and trade, hotels and restaurants, Indian women are underrepresented. Sector specific policies must be undertaken to boost greater women participation in these sectors.

Also, there is a visible rural-urban divide in terms of labour force participation in general for all the three sectors and appropriate policies need to be designed to promote greater worker participation in these sectors in rural areas.

Services

Excluding the services of trade, hotel and restaurant, and transport storage and communication, the services sector comprises of education, healthcare, personal and administrative services, financial services, etc. Higher participation of women can be observed in this services sector component (Figure 15), with significant increase in recent NSSO survey rounds. The sector overall is the most preferred occupation for urban females after agriculture, employing more women than manufacturing or construction.

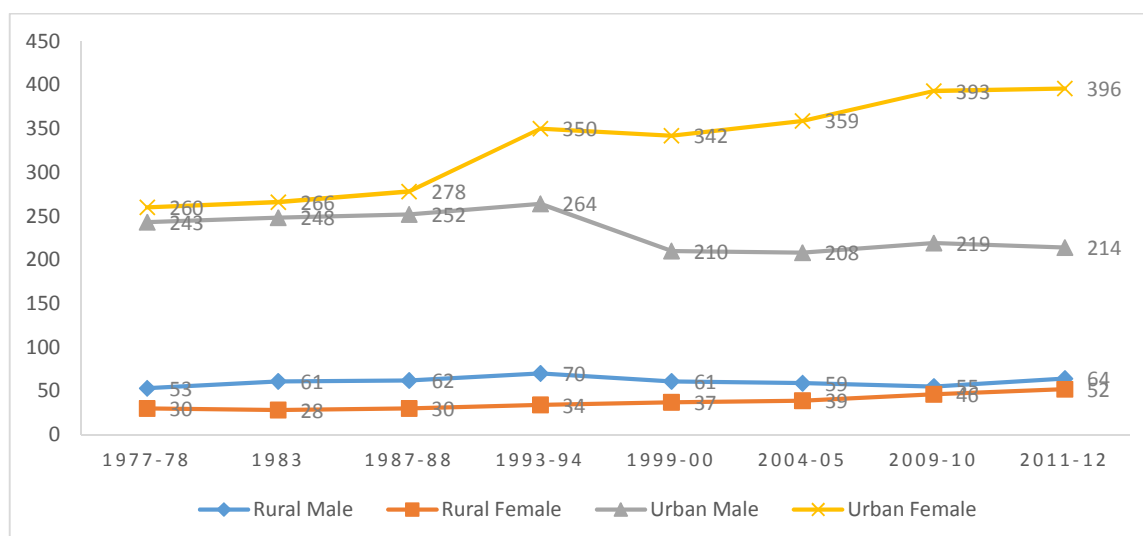
The percentage of usually employed urban women in the services sector went up from 26% in 1977-78 to around 40% in 2011-12, although the rise has been rather muted since 1993-94. In contrast, the percentage of usually employed urban men in services sectors declined from a peak of 26.4% in 1993-94 to 21.4% in 2011-12.

On the other hand, employment in the services sector is rather low in rural areas for both men and women.

The rising divergence of the male and female trend lines in urban India offers important policy direction, suggesting that appropriate policies for the services sector, particularly in rural areas, can boost employment opportunities for women. Some of the promising sectors include education, health and social work activities, financial services and IT.

The overall sectoral trend analysis reveals the preferred sectors of occupation for women as manufacturing, services, and transport, storage and communications. By increasing the presence of these sectors in the place of habitation of women, particularly in rural areas, more women would be encouraged to participate in economically productive activities.

Figure 15: Per 1000 Distribution of Usually Employed Persons: Services



Source: Employment Unemployment Situation of India, NSSO Report No. 554

SECTION 4: POSSIBLE CAUSES FOR DECLINING FLFPR

The decline in the FLFPR, in spite of favourable economic and demographic conditions, is puzzling and stands out among emerging markets (Sorsa, et al., 2015). Several studies have attempted to examine the underlying causes of the persistent decline in FLFPR in India. In this section, some of the possible reasons for this unusual phenomenon are discussed.

Stage of Development: Part of the decline in the FLFPR could be related to the stage of development. Economic history suggests that there is a U-shaped relationship between economic development (proxied by GDP per capita) and female labour force participation (Gaddis & Klasen, 2012), where in the development process, female labour participation first declines and then rises.

Rise in household income is a primary reason for the falling FLFPR in India

The U-curve is the outcome of a combination of structural change in the economy, income effects and social stigma against factory work by women (Klasen & Pieters, 2012). At low levels of GDP per capita, women mostly work out of necessity for contributing to family income, primarily for subsistence and usually in poor quality jobs (Afridi & Dinkelman, 2016; World Bank, 2017). With rising GDP levels and men finding higher-paying jobs in the industrial and services sector, an income effect occurs which results in withdrawal of women from the labour force. Rise in household incomes allows women to stay at home and take

care of children and household work. In a predominantly patriarchal society as in India, it manifests as a preferred choice for households, where women working outside the home is often stigmatised. Finally, in the third stage of development, higher growth and increase in incomes, education and wages along with social enlightenment leads to increased participation rates of women (Afridi & Dinkelman, 2016).

Many argue that the higher economic growth, which India has enjoyed for the last couple of decades, has led to better incomes and education outcomes, which in turn has caused a large number of women to drop out from the labour force. We elaborate on the effect of these two factors in greater detail below.

(i) *Rise in Incomes:* A primary reason for the falling FLFPR in India is the rise in family or household income. This is reflected in the increasing share of regular wage earners and falling casual labour in the family labour supply composition (Andres, et al., 2017).

As can be seen from Figure 1 above, female labour force participation in urban areas is much lower than that of rural areas, co-relating to higher urban household incomes. A major factor driving this phenomenon is the fact that in India, women staying home is often considered to reflect positively on a family's social status (Sorsa, et al., 2015).

(ii) *Increased Participation in Education:* While in the section above, the lack of co-relation between educational attainments and FLFPR was studied, the other aspect of this relationship is

withdrawal of women from the labour force for higher studies, which would be a legitimate and preferred cause for lower FLFPR. FLFPR is often seen exhibiting a U-shaped relationship with education (Klasen & Pieters, 2012; Andres, Dasgupta, Joseph, Abraham, & Correia, 2017; World Bank, 2017) and higher education is also often cited as one of the primary reasons for falling women participation in the labour force in India. (Rangarajan, Kaul, & Seema, 2011; Neff, Daniel, Sen, & Kling, 2012; Kannan & Raveendren, 2012; Thomas, 2012).

Historically in India, female education has been discouraged, particularly in the secondary and higher levels, primarily due to their perceived role of caregivers in the household as well as the traditionally patriarchal nature of the society. However, over the last few years, this trend has been changing. With the expansion of secondary education as well as changing social norms, more working age females are opting out of the labour force to pursue education. The authors show that in fact, the decline in the FLFPR rate for females between 15 to 24 years was to a large extent due to an increase in female enrolment in education.

This trend can also be observed in rural areas and many studies document that more women from rural areas are now pursuing higher education and therefore dropping out of the labour force (Himanshu, 2011; Rangarajan, et al. 2011).

While higher enrollment rates for the younger cohort is largely responsible for the overall decline in FLFPR, this does not totally account for the drop in FLFPR for other age groups.

Mechanisation of agriculture: Shortage of labour, rise in household incomes and technological change has resulted in enhanced mechanisation of the agricultural sector. As women perform more manual work than men, this also affected the female labour force participation in India (Mehrotra & Sinha, 2017). Combined with the lack of sufficient opportunities for women in the non-farm sector in rural areas, farm mechanisation could also be a potential reason for the declining FLFPR.

Lack of sufficient and quality economic opportunities: Women often drop out of the labour force due to the lack of adequate and, more importantly, quality jobs in the market, preferring to let their male counterparts access the limited job opportunities. Even when women work, they tend to take up marginal, poor quality jobs which are often

**Safety at the workplace
is a major issue in India,
particularly in places further
away from home**

home-based work and therefore, they end up as contributing family workers or unpaid workers (ILO, 2017). Also, working women are often found to be engaged in low paid and low productivity jobs (Verick & Chaudhary, 2014). Thus, a major deterrent to raising FLFPR in the economy is the lack of suitable job opportunities.

Poor demand side conditions could also be a reason for the lack of women participating in the Indian economy. Women with higher education often do not find suitable, well-paying jobs which discourages them from looking for work. Indeed, it is interesting

to note that the rate of unemployment for men and women graduates is the highest, with almost 30% of men and half of women graduates in the age group of 18-29 years unable to find work (Sharma & Mehta, 2017).

Working conditions: Unfavorable working conditions deter women from coming out to work. For example, safety at the workplace is a major issue in the country. High rates of crime often dissuade women from taking up work, particularly in places further away from home. A recent study (Borker, 2017) finds that crimes such as street harassment force women to compromise on the quality of education by choosing worse colleges than men and choosing safer and more expensive routes. This feeds into their lower performance at work and may well be true for decisions on where to work as well.

Lack of adequate infrastructure is another reason for the lack of suitable employment for women. Issues of hygiene such as lack of clean toilets, nursing rooms and other infrastructure related issues plague Indian workplaces, making it difficult for women to work.

Social causes: Another major factor cited often in literature is social stigma (Afridi &

Dinkelman, 2016; Klasen & Pieters, 2012; Sorsa, et al., 2015). This is also the reason why women take up more home-based work as they are not allowed to take up work far from home.

Social causes such as perception of women as primary caregivers in families also greatly contribute to low female participation in the Indian labour force. As a result, a major percentage of women in India are found to be engaged as unpaid workers in domestic duties and household activities across rural and urban sectors. This trend has increased in recent years. Further, increased urbanization and break up into nuclear families are other possible reasons for this trend.

Using NSSO unit level data, Sanghi et al. (2015) find that the proportion of rural females who reported themselves as engaged primarily in domestic and household consumption activities increased from 56% in 1993-94 to 60% in 2011-12. They found that for the urban females, the number has stayed around 64% during this period.

Addressing the varied causes for declining participation of women in the workforce would redress this anomaly.

SECTION 5: POLICY RECOMMENDATIONS

Most literature focuses on overall challenges for boosting FLFPR. In this paper, we have undertaken a deeper sectoral analysis that offers valuable insights on the economic activities that would promote greater participation of women in the workforce. Policy recommendations are presented in two segments. First, we look at the sectors which present the best employment opportunities for women. Second, we identify the employment enablers that would equip women with the necessary skills and provide

the conducive environment for women to work in these sectors.

Sectoral Incentives

Several sectors have emerged as preferred employment options for women, with a significant share of jobs occupied by them. While women are capable of undertaking any kind of work, boosting such sectors through policy action could generate more

Table 2: Employment Potential across Manufacturing & Services Sectors

	Employment Base in 2015 (million)	Projected Employment by 2020 (million)	Projected Employment by 2025 (million)	Increase in Employment between 2015 and 2025 (million)
Manufacturing				
Textile and Clothing	15.2	17.5	20.9	5.7
Handlooms and Handicrafts	11.7	13.5	17.2	5.5
Electronics and IT hardware	5.2	7.7	11.1	5.9
Food Processing	7.0	8.5	11.0	4.0
Services				
Healthcare	3.9	5.9	9.3	5.4
Building, construction and real estate	45.4	57.5	74.2	28.8
Beauty and wellness	5.6	11.0	21.2	15.6
Retail	38.6	43.7	54.0	15.4
Transportation, logistics and warehousing	19.6	26.1	32.3	12.7
Tourism, hospitality and travel	7.0	9.4	13.0	6.0
Others	300.4	290.1	296.3	-4.1
Grand Total	459.5	490.9	560.5	100.9

Source: *Employment Generation – 100 million jobs in 10 years, CII Report, 2016*

job opportunities for them in general. As per the analysis above, these sectors are to be found in manufacturing and services spheres, which are more productive and remunerative than agriculture and related sectors. A CII report estimates creation of new job potential in manufacturing and services sectors to add up to 100 million.

- (i) **Manufacturing:** The manufacturing sector currently employs 12.5 % of the country's labour force¹¹ and women's participation in this sector has risen substantially, particularly in urban areas (Figure 11). The Make in India Policy aims to create 100 million jobs in the sector and a significant proportion of the new jobs could go to women.

Employment intensive sub-sectors such as textiles, apparel, food & beverages, furniture, pharmaceuticals and the manufacture of computer and electronic products could be some areas where women employment could be promoted. These sectors have exhibited high growth rates over the last five years and also have high employment elasticity (Kantha, 2016). For example, textiles and food processing are projected to employ around 21 million and 11 million people (Table 2) by 2025 respectively (CII, 2016). The textile sector workforce is comprised largely of women who account for 60% of the jobs, and many of these are in rural areas (CII-BCG, 2016).

11 India Labour Market Update, July 2017

A case in point is Bangladesh, which fares much better than India in terms of boosting women's participation in the labour force, primarily on account of the growth of the ready-made garment sector. A study by Heath & Mobarak (2015) found that Bangladesh's manufacturing sector growth significantly impacted younger girls' education and older girls' engagement in wage work, which in turn allowed women to postpone marriage and childbirth. Apart from boosting manufacturing growth, this has important policy implications for promoting girls' education. It is noteworthy in this context that Bangladesh's "Female School Stipend" programme is widely credited with narrowing and then over-turning the gender gap in education (Heath & Mobarak, 2015).

India can learn from the initiatives taken by Bangladesh to increase women participation in the labour force, especially in its garment industry. The role of education as well as training centres for equipping women with the necessary knowledge and skills for working in these sectors is a key factor.

- (ii) **Services:** Women participation is usually higher in the services sector (Figure 15) compared to other sectors, primarily because of the non-manual nature of the work. The service industry covers various sectors such as IT, healthcare,

education, and financial services, among others which have the potential to employ more women.

Electronics & IT: With the Indian electronics & IT sector projected to employ around 11 million people by 2025 (CII, 2016), this is one sector where more Indian women should be encouraged to take up work. Working in the IT sector enables women to earn on a higher level, provides easy international mobility, and has flexible working hours while the physically less demanding nature of work process provides a comfortable indoor work-environment (Bhattacharyya & Ghosh, 2012). Apart from digital literacy, greater emphasis is required on providing higher and technical education to women to enable them to avail of job opportunities.

Construction & Communications: According to the ILO Report 2017, with technology and innovation rapidly shifting the demand for skills, more and more educated and empowered women from the BRICS countries are gaining presence in sectors such as construction and communication, traditionally dominated by men (ILO, 2017). The report further points out that in India, increasing numbers of young women are entering the communication sector at a professional level. However, there is still a significant gap between males and females in urban as well as rural areas in sectors such as construction and transport, storage & communication in India (Figure 12 & Figure 14). With more women digitally empowered, these sectors present high scope for women's employment.

Beauty and Wellness: The beauty and wellness sector has expanded in a great way in recent times and is a preferred sector of employment for women. The employment potential of the sector is estimated around 11 million in 2020 which is projected to grow to a further 21.2 million by 2025 (CII, 2016). A dispersed training infrastructure to impart

Women employment could be promoted in employment intensive sub-sectors in manufacturing such as textiles, apparel and food and beverage

the necessary skills for Beauty and Wellness could help enhance employability of women. A sector skill council has been established for this sector.

Financial Services: Financial services has been identified as one of the major sectors as an expanding source of youth employment and a large number of youth is being increasingly absorbed in such sectors, particularly in Asia. (ILO, 2017). With expanding financial inclusion in the rural areas, opportunities for women are increasing in roles such as banking correspondents, accounting, insurance agents, and so on.

Professional, scientific and technical activities: Science, technology, engineering and mathematics fields, known collectively as STEM, are characterized by a conspicuous absence of women. This absence has more to do with societal perceptions of women rather than a lack of performance. To encourage women to work in STEM fields and redress the gender gap in employment, awareness must be promoted early on in the primary stages of education¹². There is need to overcome bias against women in these sectors and enable their career progression.

Healthcare: The Indian healthcare sector has a good presence of women in various activities such as doctors, nursing, residential care, public health, and social work. With the goal of ensuring universal healthcare and higher healthcare outlay, government could create jobs for women in primary and secondary healthcare facilities as well as in related sectors. Projected employment in the Indian healthcare sector is around 9.3 million by 2025 (CII, 2016) and a large proportion of this could comprise of women workers.

¹² As per the Global Gender Gap Report 2017 of World Economic Forum, women are more or less on par with men when it comes to higher education participation in STEM sectors.

Total employment potential of the beauty and wellness sector is estimated at 21.2 million by 2025

Tourism: The tourism, hospitality and travel sector is looking to employ around 13 million people by 2025. There is need to create the right environment to bring in more women workers as the sector expands with focus on issues such as safety, work conditions, and mindset change.

Employment Enablers

In order to encourage women to participate more actively in the workforce, it is necessary to address certain issues that inhibit their employment tendencies. Some of these factors have been discussed in the section on causes of low FLFPR.

Skill development: Skill development initiatives that provide information and knowledge with a focus on digital and financial literacy are crucial for economically empowering women. Training and resources for up-gradation of already existing skills, vocational training etc. would need to focus on women.

Skill development initiatives with focus on digital and financial literacy must be followed up with finance, market linkages, and income generation activities

Longer working hour policy for women supplemented by safety, female entrepreneurship, and an effective judicial system can positively affect FLFPR

Skill training is of particular importance in the rural areas to build confidence, promote awareness, help network with other businesses and above all, provide a higher standard of living. The aim should be engaging women in greater numbers in quality jobs and greater self-employment of women. Skill development would need to be further followed up with assistance for accessing finance, building market linkages, and sustaining income generation activities.

Many skill development schemes for women exist at the central level, and there is need for consolidation and focus on women's needs. Current infrastructure directed at women workers is inadequate and dispersed across different ministries and departments. Such facilities need to be also ramped up in states, going down to the district level to provide training to women close to their place of residence. Greater monitoring is required for measuring the progress of schemes and it is to be ensured that the allocated funds are used fully.

Empowering women digitally: Technology and innovation are rapidly changing the way we work. Several key areas of innovation will have far reaching impacts on job creation as there might be significant amount of job displacement associated with the advent of technology (ILO, 2017). It is therefore crucial to empower women digitally and train them with the necessary skills, so that more and

more women can take up technology driven work. Technology would enable women to have access in remote areas which would also increase their mobility and would also encourage them to take up job roles in above mentioned sectors such as IT, communications, etc.

Encouraging women entrepreneurship:

India is the third largest start-up hub in the world, with 72% of founders less than 35 years of age (CII-JLL-wework, 2017). According to the sixth economic census (2016), only 13.76% of total entrepreneurs in the country are women i.e. 8.05 million of the 58.5 million entrepreneurs in India are women.

Women entrepreneurs face a number of challenges in India including setting up the business and scaling it up in the future, particularly in the rural areas. Thus, encouraging women entrepreneurship by undertaking necessary initiatives such as creating financing channels, training centres for digital literacy, financial literacy etc. and providing the necessary enabling environment will play a significant role in enhancing their job market participation.

With the objectives of promoting economic empowerment and job creation at the grass root level, the Stand-Up India programme provides bank loans to women entrepreneurs for setting up of a greenfield enterprise. While such schemes are encouraging and a positive step in the right direction, proper implementation has to be ensured and the loans must be actually disbursed.

Providing quality jobs: As already discussed, lack of quality jobs and inadequate infrastructure at workplaces is a major deterrent for greater female employment in India. Additionally, social perceptions of women also force women to engage in more household work. Therefore, while removing

social stigma and changing social norms might not happen in the short term, creating more non-farm, non-manual and service-oriented quality jobs to encourage greater women participation in the labour force is the need of the hour.

Improving workplace conditions: Incentives such as safe transportation, adequate infrastructure with clean washrooms, nursing rooms etc., appropriate leave policies for maintaining a work-life balance, flexible working hours, and equal pay as well as strong policies to prevent sexual harassment at workplaces would encourage more and more women to join the workforce.

The Breakthrough Index for Women at Workplace (Rossow & Watson, 2016) ranked Indian states according to various parameters¹³ and found that Sikkim was the Breakthrough state for India on account of high rates of female workforce participation, lack of restrictions on women's working hours and high conviction rates for workforce crimes against women. Policies such as removal of restrictions on working hours for women, greater incentives for female entrepreneurs, high conviction rates for crimes against women and an effective judicial system can positively affect the FLFPR. Again, policies on women safety are of paramount importance when removing working hours' restrictions for women.

Promoting Safety: Strong policies to promote women safety at workplaces must be at place to encourage greater women participation in the economy. The availability of safe and inexpensive transportation and infrastructure

catering to the needs of women (such as toilets, cameras, etc) are imperative in this context.

Paid Maternity Leave: Many women retire from the labour force after having children. Finding a job after several years becomes difficult as they are out of the labour force for a significant period of time. Paid maternity leave becomes a major incentive to retain as well as increase women participation, and also allows women to return to work after a break.

The Government recently amended the Maternity Benefit Act of 1961, wherein the maternity leave has been extended from 12 weeks to 26 weeks for any establishment employing more than 10 people. This is a positive move that would encourage greater retention of women in formal workplaces.

Affordable Child Care: Women also leave the job market for taking care of their children. Therefore, availability of affordable and quality child care is crucial for encouraging greater participation of women in the labour force. Inclusive policies targeted towards greater gender diversity and those that support career advancement should be promoted while ensuring their effective implementation. Provision of creches near the workplace is also important. Currently, establishments with more than 50 workers are mandated to establish child care support and this is still under implementation. Further, creches are also required for informal sector workers.

Role of Microfinance: Microfinance in India, particularly the Self Help Group (SHG) – Bank linkage programme, has been successful to a great extent in enabling and contributing to greater women empowerment, especially among the financially less privileged classes and the rural poor. Microfinance helps empower women, by providing financial services such as credit, insurance and

¹³ The Wadhvani/Nathan Breakthrough Index for women ranked Indian states according to four parameters – legal restrictions on women's working hours in factories, retail and the IT industry; the responsiveness of the criminal justice system to crimes affecting working women, such as sexual harassment; the number of women workers in the state as a percentage of total workers; and the number of incentives the state's startup and industrial policies offer women entrepreneurs.

other products. However, there are several limitations and challenges that come in the service delivery of such models.

The primary problem relates to the lack of training facilities once women are provided with credit and loans under the microfinance models. Rural women, many of whom have no prior knowledge of setting up a business for the first time, must be provided the basic training that would enable them to use these loans in an effective way.

Also, it is important to provide loans and microfinance to women that cater to their diverse needs which results in sustainable income generation. As most of these loans are invested in agricultural and livestock activities where there are many uncertainties because of the seasonal nature, more comprehensive business solutions can make microfinance a very effective and powerful tool for greater women participation in the labour force.

Improving Women's Health: Poor health is one of the major impediments for lower participation of women in the labour force. According to the Global Nutrition Report 2017, India has the largest number of women impacted by anaemia in the age group of 15-49. As the age group affected is also the working age group, there is clearly a need for better health policies targeted towards improving the nutrition needs for women.

Strong awareness dissemination program:

Strong awareness programmes with information regarding the importance of economic empowerment and the importance of participating in skill development and training programmes should be rolled out across the country. Awareness about each of the enablers of women employment such as women's health, literacy, education etc. must be created. These need to be targeted not only toward the employable youth, but also among the older generations so that women are not held back from working owing to traditional and patriarchal notions.

More initiatives such as Beti Bachao, Beti Padhao, which aims to prevent gender biased abortion, along with ensuring protection, education and participation of girls in society are required and must be expanded for spreading awareness on such issues.

Availability of up-to date and reliable data:

Lack of reliable and up-to date data is a major impediment for driving policy analysis. Availability of data is an essential requirement for analysing current scenarios and making policy decisions based on such evidence.

In the present situation, multiplicity of labour surveys creates confusion and make it difficult to arrive at conclusive policy decisions. NITI Aayog has established a task force for data collection on employment and that should be gender-based and comparable to NSSO data.

Conclusion

Greater women participation in the labour force is imperative, not only for achieving higher economic growth but also for attaining overall social and inclusive development. If the Indian economy is to grow at a double-digit growth rate in the future, bringing more women into the labour force must be a top most priority for policymakers of the country. In this context, this paper highlights the importance of greater FLFPR for the Indian economy, the recent trends in FLFPR including the sectoral employment patterns, and the causes for declining FLFPR in the Indian economy and suggests various policy options for addressing the declining women participation in the Indian labour force.

While each of the policy options suggested in this paper are mentioned separately, it is also important to note that these are interlinked in a number of ways. Creating an environment where women have adequate and quality job

opportunities along with greater incentives at workplace that encourage them to maintain a good work-life balance requires all these policy options to work in tandem.

Specific emphasis must be laid upon providing incentives for creating greater opportunities for women in sectors where they continue to be underrepresented, such as services, construction and communications.

Simultaneously, a strong focus must be laid on expanding education for the girl child and women. Equally important are the roles of digital and financial literacy for women, which would encourage them to take up technology driven work across sectors and can be spread through training and skill development activities. These along with incentives in the workplace that cover aspects of women safety, childcare and flexible working hours could greatly encourage women to take up more work and provide a substantial boost to women labour force participation in India.

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The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, India's premier business association has over 8,500 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 200,000 enterprises from around 265 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

As a developmental institution working towards India's overall growth with a special focus on India@75 in 2022, the CII theme for 2017-18, **India@75: Inclusive. Ahead. Responsible** emphasizes Industry's role in partnering Government to accelerate India's growth and development. The focus will be on key enablers such as job creation; skill development and training; affirmative action; women parity; new models of development; sustainability; corporate social responsibility, governance and transparency.

With 67 offices, including 9 Centres of Excellence, in India, and 11 overseas offices in Australia, Bahrain, China, Egypt, France, Germany, Iran, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 355 counterpart organizations in 126 countries, CII serves as a reference point for Indian industry and the international business community.

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